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SUBJECT: ANNUAL SESSION OF THE WORLD FOOD PROGRAM EXECUTIVE
BOARD, ROME, MAY 24-26, 2004

REF; (A) 03 ROME 3607

SUMMARY

¶11. The WFP Annual Session for 2004 took place against the backdrop of the positive Sudanese signing of the Naivasha Protocols (GOS-SPLM/A), and an unprecedented level of displacement and violence in Sudan's Darfur region. Coming off a record level of total support in 2003 (U.S. dollars (USD) \$2.6 billion in support of its operations worldwide), confirmed contributions this calendar year are a more modest USD \$585 million to date, with a present shortfall of USD \$1.47 billion (i.e., \$1.3 billion for relief operations and \$153 million for development activities.) UNICEF Executive Director Bellamy and Jan Egeland, UN Under Secretary-General for Humanitarian Affairs (OCHA) addressed the Board, as did Frederick W. Schieck, USAID Deputy Administrator. On policy, the Board approved the concept that WFP will mainstream nutrition in its programs, advocacy and partnerships, including meeting micronutrient deficiencies through the distribution of appropriately fortified foods. WFP's Audited Biennium Accounts (2002-2003) received an unqualified opinion from its External Auditor. Finally, in 2003, food aid channeled multilaterally reached a record level of 49 percent of global food assistance (nearly 5 million tons against a overall total 10.2 million tons delivered - all spigots), making WFP (at 4.6 million tons) the world's predominant food aid handler. End summary.

Report of the WFP Executive Director on Current and Future Strategic Issues

¶12. After welcoming UNICEF Executive Director Bellamy and Jan Egeland, UN Under Secretary-General for Humanitarian Affairs (OCHA), Jim Morris commented: "if you are poor and hungry, 2004 is not likely to be a good year. If your family is chronically hungry and not the victim of war or a natural disaster, the outlook is worse. We continue to face the ongoing issue that most of the people who are vulnerable to hunger and malnutrition are not the victims of huge high profile conflicts, but 90 percent of the people who lose their lives every day to hunger, do so in some back road situation--totally unnoticed by the media. International prices for food, for major commodities, have continued a steady climb upwards. Agricultural economists are predicting a historic growth in demand for food, so a donation to WFP will buy markedly less food today than any time since the mid 1990s."

¶13. Morris talked about the imperative need to expand WFP's donor base, and specifically mentioned generous commitments this year from China, India, South Africa and Malawi. Morris, noting the visit of USAID's Deputy Administrator Schieck, commended the US Food for Peace program's fiftieth anniversary, describing it as the largest single humanitarian program in history. He noted that it has fed hundreds of millions of people over the last 50 years, saving lives and offering opportunity. He also paid tribute to Ambassador Hall and Kansas Senator Pat Roberts, who were honored in early May with the Fight Against Hunger Award by the U.S. Friends of WFP.

¶14. Morris spoke of hunger-related meetings with President Chirac (France), President Lagos (Chile), President Lula (Brazil), and President Toledo (Peru). He mentioned a new letter of intent with the Clinton Foundation related to providing food to HIV-positive families, and a partnership

with the International Paper Company ("Coins for Kids") that will produce several million dollars for feeding school children around the world. He ended by commenting that WFP had launched a student campaign against hunger in the United States with President Bush's niece leading the effort; and he spoke of Oprah Winfrey, and how she took her team to Africa last December and saw firsthand WFP's work.

15. USAID Food for Peace Director Lauren Landis recognized WFP Executive Director Jim Morris for his efforts on behalf of the world's hungry poor, as highlighted by his recent trips to Sudan's Darfur region, eastern Chad, Haiti, Peru, Brazil and the United States (where he addressed the Senate Foreign Relations Committee and the UN Security Council). On Darfur, Landis commented that the United States is extremely concerned that an estimated 300,000 people could perish in the Darfur region over the next nine-months. She urged: a cease-fire agreement fully implemented by all parties; that the GOS stop the jingawit atrocities and allow international monitoring; complete humanitarian access to Darfur; significant funding from all donors; NGOs with capacity on the ground to respond; and a strong and vigorous United Nations able to move quickly on humanitarian assistance.

16. On sub-Saharan Africa, Landis commented that in June the G-8 will be meeting in the United States, and the issue of more effectively preventing famine will be on the agenda. Ending hunger and famine in the Horn of Africa (particularly Ethiopia) will receive special attention. It is clear that each time famine strikes, the number of hungry and destitute rises, along with the toll of human suffering and disease. To rectify this, the Ethiopian government needs to undertake substantial policy change (and has begun to do this) and the donor community needs to address the underlying causes of famine. The U.S.G. hopes to work with WFP and their UN partners in support of actions that better track potential famines and streamline responses. For 2005, USAID's development assistance request alone for Ethiopia is over \$80 million.

Annual Performance Report for 2003

17. WFP food assistance reached 104.2 million of the world's poorest by effectively delivering 4.6 million metric tons of food aid (plus an additional 1.4 million tons to Iraq through Oil-for-Food resources) to some 81 countries. USD \$2.6 billion in contributions were confirmed, including donations from the private sector, which jumped from \$3.8 million in 2002 to \$29 million. The report conveyed that WFP has begun to seriously implement results based management (RBM), including delineation of corporate indicators for WFP's management priorities. But WFP caveated that it would require four-to-five years to make RBM function efficiently.

18. USDEL commented favorably on WFP's increased emphasis on seeking out contributions from recipient countries, in

particular that WFP offices in China, Bangladesh, Laos, Nepal and Honduras were able to negotiate local contributions. Moreover, the Government of Honduras contributed USD \$3 million to school feeding efforts. USDEL recognized that five donors contributed to WFP for the first time in 2003: Cameroon, Kuwait, Malawi, the Marshall Islands and Monaco.

19. On HIV/AIDS, USDEL noted that United Nations agencies need to commit themselves to reviewing their emergency and development programs in areas of high HIV prevalence through the "lens" of HIV/AIDS. In particular, UN partners need to come together in establishing standard indicators and methods for incorporating HIV/AIDS in food security, crop and vulnerability assessments.

Nutrition Issues

110. The Board approved the concept that WFP will mainstream nutrition in its programs, advocacy and partnerships, including meeting micronutrient deficiencies through the distribution of appropriately fortified foods. In emergencies, WFP will systematically analyze nutrition problems and define the most appropriate responses based on up-to-date knowledge and best practices. Nutrition programming in emergencies will pay more attention to underlying causes of malnutrition, not just actual outcomes during crises, and seek to build links with longer-term development activities.

Transition from Relief to Development

¶11. UNICEF Executive Director Carol Bellamy spoke on the final report of the UNDG/ECHA Working Group on Transition Issues, particularly in the transition from conflict to peace. It has been estimated that 40 percent of countries emerging from conflict relapse into conflict; in Africa, the figure is 60 percent. Aid can play a role in helping countries to make the transition from conflict to peace, but it is essential to have a coherent strategy that unites the actors engaged in the various aspects of the transition process. The Board encouraged WFP, as the UN's largest humanitarian actor, to remain engaged in the process.

Financial and budgetary matters

¶12. WFP presented its consolidated financial statements for the 2002-2003 biennium. WFP's External Auditor (the UK's Comptroller and Auditor General) provided an unqualified opinion supported by comments and recommendations. The External Auditor commented that WFP's accounts were in a premier league with a few select other UN organizations. He noted that WFP was now producing the biennium financial report six months earlier than previously, which demonstrated progress in "real-time" accounting. External Auditor commented that, with decentralization, the role of WFP's regional bureaus had not yet been properly defined,

and that (in his opinion) more extensive use could be made of WFP's internal oversight mechanisms, notably the Office of Inspector-General and Internal Audit.

Post-delivery losses

¶13. WFP Secretariat provided updates on major commodity diversions and follow up actions in Bangladesh (ref A) and Cambodia. (Cambodia will be discussed septel.) The Board commented that every case of commodity hemorrhaging in today's constrained budgetary environment has to be swiftly and vigorously addressed. It encouraged the Secretariat to take all necessary measures to ensure that losses were reduced, to seek reimbursement from governments that had lost commodities through negligence or worse, and to continue to report to the Board annually.

USAID Deputy Administrator Schieck's intervention to the Board on May 25

¶14. USAID Deputy Administrator Fredrick W. Schieck congratulated WFP Executive Director Jim Morris and the entire WFP organization for providing food assistance to some 110 million people in 2003, in many of the world's most difficult and dangerous environments. Schieck drew the Board's attention to the Fiftieth Anniversary of Public Law 1480. Since July 10, 1954, when President Dwight D. Eisenhower signed the Bill into Law, the United States has contributed over USD \$50 billion to finance more than 367 million tons of food aid to more than 150 countries around the world. (A separate U.S. PL 480 Food Aid Panel discussion, which also took place during the Board, is reported septel.)

¶15. Schieck referred to Sudan's Darfur region where almost 2 million people are internally displaced and in need of food assistance and approximately 110,000 people have fled across the border into neighboring Chad. (This estimate rose to 192,500 during the week of the Board.) He noted that USAID continues at the forefront of sustained international engagement to end Sudan's long North-South civil war.

¶16. Globally, he commented that the capacity and willingness of the international community to respond to humanitarian emergencies will continue to be stretched and commended WFP for their efforts over the past decade to strengthen its emergency response capacity. Schieck reviewed USAID's long involvement (since 1986) in the battle against HIV/AIDS, and described a variety of USAID interventions including food aid and nutrition counseling. Finally, he noted that USAID is working towards implementation of both short and long-term strategies which link agricultural development, trade, and food aid to promote food security.

Comment

¶17. In 2003, food aid channeled multilaterally reached a record level of 49 percent of global food assistance (nearly 5 million tons against a overall total 10.2 million tons

delivered - all spigots), making WFP (at 4.6 million tons) the world's predominant food aid handler. Moreover, WFP undertook 89 percent of the triangular food assistance transactions and contracted for about 70 percent of local food aid purchases worldwide. And, while the United States contributed a record amount to WFP this past year, a number of other major donors sharply increased their donations through WFP, as follows: Canada, more than 100 percent increase; United Kingdom, up 42 percent; Japan, up 40 percent; Sweden, up 35 percent; Switzerland, up 28 percent; European Commission, up 16 percent; Norway up 11 percent; and Italy, up 7 percent. While these increases in some measure are attributable to the strength of other major currencies against the dollar and the extraordinary needs of this past year, they also, in US Mission's view, eloquently demonstrate both WFP's professional manner in reaching out to its non-U.S. donors, and the transparency with which it is operating and reporting on its humanitarian operations.

18. Khartoum minimize considered. Hall

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